

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-06 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02

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R 091510Z DEC 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1719

INFO AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

FAA BRUSSELS

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DEPT PASS COMMERCE FOR COHEN AND EXIMBANK FOR YOUNG

EO 11652: N/A

TAGS: EAIR, KU

SUBJECT: CIVAIR: KUWAIT AIRWAYS REEQUIPMENT AND LINES OF  
DEVELOPMENT

REF: KUWAIT 4605

SUMMARY: KUWAIT AIRWAYS, DESPITE COMPETITIVE HANDICAP  
OF BAN ON-BOARD LIQUOR SALES, APPEARS TO HAVE REGISTERED  
20 PERCENT TRAFFIC INCREASE OVER 1973, AND ANTICIPATES PROFIT  
OF 2 MILLION DINARS FOR YEAR. AIRLINE AWAITING REMOVAL  
LIQUOR BAN TO IMPLEMENT NEW ROUTES NORTH AFRICA AND  
FAR EAST AND TO RENDER WIDEBODIED AIRCRAFT DECISION.  
END SUMMARY.

1. RCAA AND EMBASSY KUWAIT ECONOMIC OFFICER CALLED ON  
KUWAIT AIRWAYS OFFICIALS FEISAL FULAJI, CHAIRMAN, AND  
MAHMOUDDMIRZA, DIRECTOR OF PLANNING, ON DECEMBER 4 AND  
5 TO DISCUSS AIRLINE'S PRESENT STATUS AND PLANS FOR 1975.

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ALTHOUGH, AS REPORTED REFTEL, KUWAIT AIRWAYS HAS DEFERRED

ITS DECISION TO ACQUIRE WIDEBODIED AIRCRAFT, FULAIJ INDICATES MATTER STILL BEING CLOSELY FOLLOWED BY HIS AIRLINE.

2. DESPITE LIQUOR BAN IMPOSED BY GOK LAST JANUARY WHICH HAS APPARENTLY SOFTENED THE AIRLINE'S PASSENGER LOAD FACTORS AND MARKET SHARE, PARTICULARLY ON SECTORS TO AND FROM WESTERN EUROPE, SYSTEMWIDE TRAFFIC (REVENUE TON-KILOMETERS FLOWN) IS UP 20 PERCENT OVER 1973. ALTHOUGH FULAIJ DID NOT HAVE PRECISE FIGURES AT HAND, HE ALSO INDICATED THAT SYSTEM LOAD FACTOR FOR 1974 IS PROBABLY UP WELL IN EXCESS OF FIVE POINTS OVER 1973, AND BOTTOM-LINE PROFITABILITY APPEARS TO BE IN THE NIGHBORHOOD OF 2-2.5 MILLION DINARS.

3. GOK PARLIAMENT ELECTIONS SET FOR JANUARY 1975 AND SOON THEREAFTER FULAIJ OPTIMISTIC GOK WILL REMOVE BAN ON-BOARD LIQUOR SALES BY AIRLINE. ONCE THIS IS FACT, FULAIJ WILL LOOK AT POSSIBLE EARLY ROUTE EXPANSION WESTWARD ACROSS NORTH AFRICA TO CASABLANCA (PRESUMABLY VIA TRIPOLI, TUNIS, AND ALGIERS) AND EXPANSION EASTWARD BEYOND NEW DELHI AND BOMBAY TO BANKOK, MANILA, TOKYO (POSSIBLY VIA KUALA LUMPUR AND SINGAPORE). ACCORDING FULAIJ, AN AIR TRANSPORT AGREEMENT BETWEEN KUWAIT AND JAPAN HAS BEEN SIGNED COVERING LIBERAL THIRD, FOURTH, AND FIFTH-FREEDOM OPERATING RIGHTS FOR KUWAIT AIRWAYS. HOWEVER, BILATERAL AIR NEGOTIATIONS WILL BE PURSUED TO OBTAIN TRAFFIC RIGHTS THAILAND, SINGAPORE, MALAYSIA AND PHILIPPINES.

4. ON BASIS OF MEETING WITH FULAIJ AND MIRZA, RCAA BELIEVES KUWAIT AIRWAYS WIDEBODIED DECISION COVERING THREE AIRCRAFT VALUED AT \$85-120 MILLION MAY BE FORTHCOMING BEFORE NEXT SUMMER. FULAIJ APPEARS TO BE TAKING HIGHLY PRAGMATIC APPROACH TO PROTECT AIRLINE'S PROFITABILITY RECORD. HE DOES APPEAR CONCERNED, HOWEVER, ABOUT IMPACT OF FORTHCOMING WIDEBODIED COMPETITION, PARTICULARLY BY NEIGHBORING AIRLINES SUCH AS MEA, SYRIAN ARAB AIRLINES, SAUDIA AND GULF AIR. HE INDICATES HIS CHOICE WILL BE DICTATED BY ROUTE EXPANSION PLANNING NOW BEING FORMULATED; AND IN THIS REGARD STILL APPEARS TO BE WATCHING MEA'S TENTATIVE PLANS OPERATE DAILY WIDEBODIED (747-200F) NONSTOP SERVICES BEIRUT-NEW YORK COMMENCING 1977 WITH POSSIBLE COOPERATION LIMITED OFFICIAL USE

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OTHER ARAB CARRIERS INCLUDING KUWAIT AIRWAYS.

5. AIRLINE NOW NEGOTIATING ACQUISITION SIXTH 707-320C (USED) TO HANDLE GROWING TRAFFIC PRESSURES ON CAPACITY. HOUGHTON

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## Message Attributes

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